

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 889

Short Title: Banking Development Districts. (Public)

Sponsors: Representatives R. Moore, Hamilton, Shepard, and B. Turner (Primary Sponsors).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Commerce and Job Development, if favorable, Banking.

April 15, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO ENCOURAGE BANKS TO ESTABLISH BRANCHES IN GEOGRAPHIC
3 LOCATIONS IN THE STATE WHERE THERE IS A DEMONSTRATED UNMET
4 NEED FOR BANKING SERVICES.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** The General Statutes are amended by adding a new Chapter to read:

7 **"Chapter 54D.**

8 **"Banking Development Districts.**

9 **"§ 54D-1. Short title.**

10 This act shall be cited as the "Banking Development District Act."

11 **"§ 54D-2. Definitions.**

12 The following definitions apply in this Chapter:

- 13 (1) Bank. – A State- or federally chartered bank, savings bank, savings and loan
14 association, or credit union doing business in this State.
15 (2) Banking services. – Deposit taking, check cashing, sale of money orders,
16 and origination of residential or commercial mortgages, consumer loans, and
17 commercial loans.
18 (3) Branch. – A full-service branch office of a bank with a physical location,
19 providing banking services with tellers, customer service representatives,
20 and loan officers available at least 40 hours per week.
21 (4) Commission. – As defined in G.S. 53C-1-4(18).
22 (5) Commissioner. – As defined in G.S. 53C-1-4(19).
23 (6) District. – A Banking Development District approved under this Chapter.
24 (7) Program. – The Banking Development District Program established pursuant
25 to this Chapter.

26 **"§ 54D-3. Banking Development District Program.**

27 (a) There is established in the Office of Commissioner of Banks the Banking
28 Development District Program.

29 (b) The Commissioner shall administer and monitor the program to encourage the
30 establishment of bank branches in geographic locations in this State where there is a
31 demonstrated need for banking services by the establishment of Banking Development
32 Districts.

33 (c) The Commission shall adopt rules and specify the criteria for the establishment of
34 Banking Development Districts. The criteria shall include, but not be limited to, the following:



- 1 (1) The location, number, and proximity of sites where banking services are
2 currently available within the district;
- 3 (2) The identification of consumer needs for banking services within the district;
- 4 (3) The economic viability and local credit needs of the community within the
5 district;
- 6 (4) The existing commercial development within the district;
- 7 (5) The impact additional banking services would have on potential economic
8 development in the district; and
- 9 (6) Such other criteria that the Commissioner shall identify as appropriate.

10 **"§ 54D-4. Application for designation of Banking Development District.**

11 (a) A municipality, in conjunction with a bank, may submit an application to the
12 Commissioner for the designation of a Banking Development District within a specified
13 geographic area.

14 (b) The Commissioner shall issue a determination as to an application for designation as
15 a district within 60 days of receipt of the application. If an application is approved, the
16 Commissioner shall transmit notification of the approval to the municipality requesting the
17 district, the State Treasurer, and any bank that has or will have a branch located in the district.

18 (c) A bank may submit an application to open a branch in the requested Banking
19 Development District, subject to all applicable federal and State laws regarding the
20 establishment of branch offices, simultaneously with the submission of the application for the
21 designation of a Banking Development District.

22 **"§ 54D-5. Selection of bank as depository for public funds.**

23 (a) Notwithstanding the provisions of G.S. 147-69 and G.S. 147-69.1 or any other law
24 to the contrary, the State Treasurer may select a bank in a district as a depository for public
25 monies or funds that are otherwise in the custody of the State Treasurer.

26 (b) Subject to an agreement between the State Treasurer and the bank, funds of the
27 State deposited in the bank may earn a fixed rate of interest that is at or below the bank's posted
28 rate for a mutually agreeable depository product, for a mutually agreeable term.

29 **"§ 54D-6. Selection of bank as depository for municipal or county funds.**

30 (a) The governing body of a municipality in which a Banking Development District has
31 been designated by the Commissioner may, by resolution, select a bank in the district as a
32 depository for funds of the municipality, provided the bank shall be subject to the requirements
33 for a public depository. The resolution shall state the maximum amount that may be on deposit
34 at any time with the bank and such other terms and conditions as are determined to be
35 necessary by the governing body of the municipality.

36 (b) Subject to an agreement between the governing body of the municipality and the
37 bank, funds of the municipality deposited in the bank may earn a fixed rate of interest that is at
38 or below the bank's posted rate for a mutually agreeable depository product, for a mutually
39 agreeable term.

40 (c) The selection of a bank, deposit amount, and the terms and conditions of a deposit
41 may be changed at any time by the governing body of the municipality by further resolution."

42 **SECTION 3.** This act becomes effective October 1, 2015.